

106TH CONGRESS
2D SESSION

H. R. 4696

To amend the Tariff Act of 1930 to modify the provisions relating to drawback claims, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2000

Mr. BRADY of Texas introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Tariff Act of 1930 to modify the provisions relating to drawback claims, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—MODIFICATION OF**
4 **PROVISIONS RELATING TO**
5 **DRAWBACK CLAIMS**

6 **SEC. 101. MERCHANDISE NOT CONFORMING TO SAMPLE OR**
7 **SPECIFICATIONS.**

8 Section 313(c) of the Tariff Act of 1930 (19 U.S.C.
9 1313(c)), is amended to read as follows:

1 “(c) MERCHANDISE NOT CONFORMING TO SAMPLE
2 OR SPECIFICATIONS.—

3 “(1) CONDITIONS FOR DRAWBACK.—Upon the
4 exportation or destruction under the supervision of
5 the Customs Service of articles or merchandise—

6 “(A) upon which the duties have been
7 paid,

8 “(B) which has been entered or withdrawn
9 for consumption,

10 “(C) which is—

11 “(i) not conforming to sample or spec-
12 ifications, shipped without the consent of
13 the consignee, or determined to be defec-
14 tive as of the time of importation, or

15 “(ii) ultimately sold at retail and for
16 any reason returned to and accepted by
17 the importer or the claimant under the
18 provisions of the importer’s or claimant’s
19 merchandise warranty provision, and

20 “(D) which, within 3 years after the date
21 of importation or withdrawal, as applicable, has
22 been exported or destroyed under the super-
23 vision of the Customs Service,

1 the full amount of the duties paid upon such mer-
 2 chandise, less 1 percent, shall be refunded as draw-
 3 back.

4 “(2) DESIGNATION OF IMPORT ENTRIES.—Not-
 5 withstanding paragraph (1), for purposes of para-
 6 graph (1)(C)(ii), drawback may be claimed by desig-
 7 nating any entry of merchandise that was imported
 8 within 1 year before the date of exportation or de-
 9 struction of the merchandise described in paragraph
 10 (1) under the supervision of the Customs Service.
 11 The returned merchandise, at the time of its impor-
 12 tation, must be commercially interchangeable with
 13 the merchandise designated for drawback.

14 “(3) WHEN DRAWBACK CERTIFICATES NOT RE-
 15 QUIRED.—For purposes of this subsection, drawback
 16 certificates are not required if the drawback claim-
 17 ant and the importer are the same party, or if the
 18 drawback claimant is a drawback successor to the
 19 importer as defined in subsection (s)(3).”.

20 **SEC. 102. TIME LIMITATION ON EXPORTATION OR DE-**
 21 **STRUCTION.**

22 Section 313(i) of the Tariff Act of 1930 (19 U.S.C.
 23 1313(i)), is amended—

24 (1) by striking “No” and inserting “Unless oth-
 25 erwise provided for in this section, no”; and

1 (2) by inserting “, or destroyed under the su-
2 pervision of the Customs Service,” after “exported”.

3 **SEC. 103. USE OF DOMESTIC MERCHANDISE ACQUIRED IN**
4 **EXCHANGE FOR IMPORTED MERCHANDISE**
5 **OF SAME KIND AND QUALITY.**

6 Section 313(k) of the Tariff Act of 1930 (19 U.S.C.
7 1313(k)), is amended—

8 (1) by striking “(k)” and inserting “(k)(1)”;
9 and

10 (2) by adding at the end the following new
11 paragraph:

12 “(2) For purposes of subsections (a) and (b), the use
13 of any domestic merchandise acquired in exchange for a
14 drawback product of the same kind and quality shall be
15 treated as the use of such drawback product if no certifi-
16 cate of delivery or certificate of manufacture and delivery
17 pertaining to such drawback product is issued, other than
18 that which documents the product’s manufacture and de-
19 livery. As used in this paragraph, the term ‘drawback
20 product’ means any domestically produced product manu-
21 factured with imported merchandise that is subject to
22 drawback.”.

23 **SEC. 104. PACKAGING MATERIAL.**

24 Section 313(q) of the Tariff Act of 1930 (19 U.S.C.
25 1313(q)), is amended to read as follows:

1 “(q) PACKAGING MATERIAL.—

2 “(1) PACKAGING MATERIAL UNDER SUB-
3 SECTIONS (c) AND (j).—Packaging material, whether
4 imported and duty paid, and claimed for drawback
5 under either subsection (c) or (j)(1), or imported
6 and duty paid, or substituted, and claimed for draw-
7 back under subsection (j)(2), shall be eligible for
8 drawback, upon exportation or destruction, of 99
9 percent of any duty, tax, or fee imposed under Fed-
10 eral law on such imported material.

11 “(2) PACKAGING MATERIAL UNDER SUB-
12 SECTIONS (a) AND (b).—Packaging material that is
13 manufactured or produced under subsection (a) or
14 (b) shall be eligible for drawback, upon exportation
15 or destruction, of 99 percent of any duty, tax, or fee
16 imposed under Federal law on the imported or sub-
17 stituted merchandise used to manufacture or
18 produce such material.

19 “(3) CONTENTS.—Packaging material described
20 in paragraphs (1) and (2) shall be eligible for draw-
21 back whether or not they contain articles or mer-
22 chandise, and whether or not any articles or mer-
23 chandise they contain are eligible for drawback.

24 “(4) EMPLOYING PACKAGING MATERIAL FOR
25 ITS INTENDED PURPOSE PRIOR TO EXPORTATION.—

1 The use of any packaging material for its intended
 2 purpose prior to exportation or destruction shall not
 3 be treated as a use of such material prior to expor-
 4 tation or destruction for purposes of applying sub-
 5 section (a), (b), or (c), or paragraph (1)(B) or
 6 (2)(C)(i) of subsection (j).”.

7 **SEC. 105. LIMITATION ON LIQUIDATION.**

8 Section 504 of the Tariff Act of 1930 (19 U.S.C.
 9 1504) is amended—

10 (1) by striking subsections (a) and (b) and in-
 11 serting the following:

12 “(a) LIQUIDATION.—

13 “(1) ENTRIES FOR CONSUMPTION.—Unless an
 14 entry of merchandise for consumption is extended
 15 under subsection (b) of this section or suspended as
 16 required by statute or court order, except as pro-
 17 vided in section 751(a)(3), an entry of merchandise
 18 for consumption not liquidated within 1 year from—

19 “(A) the date of entry of such merchan-
 20 dise,

21 “(B) the date of the final withdrawal of all
 22 such merchandise covered by a warehouse
 23 entry,

24 “(C) the date of withdrawal from ware-
 25 house of such merchandise for consumption if,

1 pursuant to regulations issued under section
2 505(a), duties may be deposited after the filing
3 of any entry or withdrawal from warehouse, or

4 “(D) if a reconciliation is filed, or should
5 have been filed, the date of the filing under sec-
6 tion 484 or the date the reconciliation should
7 have been filed,

8 shall be deemed liquidated at the rate of duty, value,
9 quantity, and amount of duties asserted at the time
10 of entry by the importer of record. Notwithstanding
11 section 500(e), notice of liquidation need not be
12 given of an entry deemed liquidated.

13 “(2) ENTRIES OR CLAIMS FOR DRAWBACK.—

14 “(A) IN GENERAL.—Except as provided in
15 subparagraph (B), unless an entry or claim for
16 drawback is extended under subsection (b) or
17 suspended as required by statute or court order,
18 an entry or claim for drawback not liquidated
19 within 1 year from the date of entry or claim
20 shall be deemed liquidated at the drawback
21 amount asserted by the claimant at the time of
22 entry or claim. Notwithstanding section 500(e),
23 notice of liquidation need not be given of an
24 entry deemed liquidated.

1 “(B) EXCEPTION.—An entry or claim for
2 drawback filed before the date of the enactment
3 of this paragraph, the liquidation of which is
4 not final as of the date of the enactment of this
5 paragraph, shall be deemed liquidated on the
6 date that is 1 year after the date of the enact-
7 ment of this paragraph at the drawback
8 amount asserted by the claimant at the time of
9 the entry or claim.

10 “(3) PAYMENTS OR REFUNDS.—Payment or re-
11 fund of duties owed pursuant to paragraph (1) or
12 (2) shall be made to the importer of record or draw-
13 back claimant, as the case may be, not later than 90
14 days after liquidation.

15 “(b) EXTENSION.—The Secretary may extend the pe-
16 riod in which to liquidate an entry if—

17 “(1) the information needed for the proper ap-
18 praisement or classification of the imported or with-
19 drawn merchandise, or for determining the correct
20 drawback amount, or for ensuring compliance with
21 applicable law, is not available to the Customs Serv-
22 ice; or

23 “(2) the importer of record or drawback claim-
24 ant, as the case may be, requests such extension and
25 shows good cause therefor.

1 The Secretary shall give notice of an extension under this
2 subsection to the importer of record or drawback claimant,
3 as the case may be, and the surety of such importer of
4 record or drawback claimant. Notice shall be in such form
5 and manner (which may include electronic transmittal) as
6 the Secretary shall by regulation prescribe. Any entry the
7 liquidation of which is extended under this subsection shall
8 be treated as having been liquidated at the rate of duty,
9 value, quantity, and amount of duty asserted at the time
10 of entry by the importer of record, or the drawback
11 amount asserted at the time of entry by the drawback
12 claimant, at the expiration of 4 years from the applicable
13 date specified in subsection (a).”;

14 (2) in subsection (c)—

15 (A) by inserting “or drawback claimant, as
16 the case may be,” after “to the importer of
17 record”; and

18 (B) by inserting “or drawback claimant”
19 after “of such importer of record”; and

20 (3) in subsection (d), by striking the period at
21 the end and inserting “or (in the case of a drawback
22 entry or claim) at the drawback amount asserted at
23 the time of entry by the drawback claimant.”.

1 **SEC. 106. PENALTIES FOR FALSE DRAWBACK CLAIMS.**

2 Section 593a(h) of the Tariff Act of 1930 (19 U.S.C.
3 1593a(h)) is amended by striking “subsection (g)” and in-
4 serting “subsections (c) and (g)”.

5 **SEC. 107. EFFECTIVE DATE.**

6 (a) SECTIONS 101, 102, 103, 104, AND 106.—The
7 amendments made by sections 101, 102, 103, 104, and
8 106 shall take effect on the date of the enactment of this
9 Act, and shall apply to—

10 (1) any drawback entry filed on and after such
11 date of enactment; and

12 (2) any drawback entry filed before such date
13 of enactment if the liquidation of the entry is not
14 final on such date of enactment.

15 (b) SECTION 105.—The amendments made by sec-
16 tion 105 shall take effect on the date of the enactment
17 of this Act, and shall apply to—

18 (1) any entry of merchandise for consumption
19 or entry or claim for drawback filed on and after
20 such date of enactment; and

21 (2) any entry or claim for drawback filed before
22 such date of enactment if the liquidation of the
23 entry or claim is not final on such date of enact-
24 ment.

1 **TITLE II—LIQUIDATION OR RE-**
2 **LIQUIDATION OF CERTAIN**
3 **ENTRIES**

4 **SEC. 201. LIQUIDATION OR RELIQUIDATION OF CERTAIN**
5 **ENTRIES.**

6 (a) IN GENERAL.—Notwithstanding section 514 of
7 the Tariff Act of 1930 (19 U.S.C. 1514) or any other pro-
8 vision of law, and subject to subsection (b), the United
9 States Customs Service shall, not later than 180 days
10 after the receipt of the request described in subsection (b),
11 liquidate or reliquidate each entry described in subsection
12 (d) by applying the column 1 general rate of duty of the
13 Harmonized Tariff Schedule of the United States to each
14 entry that is liquidated or reliquidated, regardless of
15 whether the entry was made under the column 1 special
16 rate of duty of such schedule.

17 (b) REQUESTS.—Liquidation or reliquidation may be
18 made under subsection (a) with respect to an entry de-
19 scribed in subsection (d) only upon a request therefor is
20 filed with the Customs Service.

21 (c) PAYMENT OF AMOUNTS DUE.—Any amounts due
22 to the United States pursuant to the liquidation or reliqui-
23 dation of an entry under subsection (a) shall be paid not
24 later than 180 days after the date of such liquidation or
25 reliquidation.

(d) AFFECTED ENTRIES.—The entries referred to in subsection (a), filed at the ports of Laredo, Texas (designated as port of entry 2304), Hidalgo, Texas (designated as port of entry 2305), and Wilmington, Delaware (designated as port of entry 1103), are as follows:

| Entry number | Port of Entry | Date of Entry |
|--------------|---------------|---------------|
| 95300618568 | 2305 | 02/22/95 |
| 95300618576 | 2305 | 02/22/95 |
| 95300619236 | 2305 | 02/27/95 |
| 95300619277 | 2305 | 02/27/95 |
| 95300619806 | 2305 | 03/02/95 |
| 95300619871 | 2305 | 03/02/95 |
| 95300620142 | 2305 | 03/07/95 |
| 95300620176 | 2305 | 03/03/95 |
| 95300620184 | 2305 | 03/03/95 |
| 95300620911 | 2305 | 03/07/95 |
| 95300635133 | 2305 | 04/07/95 |
| 95300635141 | 2305 | 04/07/95 |
| 95300635950 | 2305 | 04/12/95 |
| 95300635968 | 2305 | 04/12/95 |
| 95300636370 | 2305 | 04/14/95 |
| 95300636388 | 2305 | 04/14/95 |
| 95300640554 | 2305 | 05/09/95 |
| 95300640653 | 2305 | 05/10/95 |
| 95300656592 | 2304 | 11/05/95 |
| 95300657665 | 2304 | 11/29/95 |
| 95300657756 | 2304 | 12/02/95 |
| 95300658358 | 2304 | 12/16/95 |
| 95300658408 | 2304 | 12/17/95 |
| 95300658572 | 2304 | 12/19/95 |
| 95300658648 | 2304 | 12/22/95 |
| 95300658754 | 2304 | 12/22/95 |
| 95300658945 | 2304 | 12/27/95 |
| 95300659018 | 2304 | 12/28/95 |
| 95300659117 | 2304 | 12/29/95 |
| 95300659208 | 2304 | 01/02/96 |
| 95300659398 | 2304 | 01/05/96 |
| 95300659513 | 2304 | 01/08/96 |
| 95300659547 | 2304 | 01/09/96 |
| 95300659679 | 2304 | 01/11/96 |
| 95300659737 | 2304 | 01/14/96 |
| 95300659794 | 2304 | 01/13/96 |
| 95300659810 | 2304 | 01/14/96 |
| 95300659844 | 2304 | 01/15/96 |
| 95300659851 | 2304 | 01/15/96 |
| 95300659901 | 2304 | 01/16/96 |
| 95300659919 | 2304 | 01/16/96 |
| 95300659935 | 2304 | 01/17/96 |
| 95300660065 | 2304 | 01/18/96 |
| 95300660107 | 2304 | 01/19/96 |
| 95300660172 | 2304 | 01/22/96 |
| 95300660180 | 2304 | 01/22/96 |
| 95300660248 | 2304 | 01/22/96 |
| 95300660362 | 2304 | 01/23/96 |
| 95300660388 | 2304 | 01/24/96 |
| 95300660560 | 2304 | 01/25/96 |
| 95300660743 | 2304 | 01/27/96 |
| 95300660818 | 2304 | 01/29/96 |

| Entry number | Port of Entry | Date of Entry |
|--------------|---------------|---------------|
| 95300660826 | 2304 | 01/29/96 |
| 95300704053 | 2305 | 05/16/95 |
| 95300704061 | 2305 | 05/16/95 |
| 95300704889 | 2305 | 05/22/95 |
| 95300704897 | 2305 | 05/22/95 |
| 95300705886 | 2305 | 05/31/95 |
| 95300705969 | 2305 | 05/30/95 |
| 95300706900 | 2305 | 06/09/95 |
| 95300706926 | 2305 | 06/09/95 |
| 95300752656 | 2305 | 02/02/96 |
| 95300752698 | 2305 | 02/04/96 |
| 95300752805 | 2305 | 02/05/96 |
| 95300752813 | 2305 | 02/05/96 |
| 95300752870 | 2305 | 02/06/96 |
| 95300752904 | 2305 | 02/06/96 |
| 95300753001 | 2305 | 02/07/96 |
| 95300753076 | 2305 | 02/09/96 |
| R7410350736 | 1103 | 11/29/95 |
| R7410350769 | 1103 | 11/29/95 |
| R7410350801 | 1103 | 11/29/95 |
| R7410350835 | 1103 | 11/29/95 |
| T8500081575 | 2305 | 06/16/95 |
| T8500081591 | 2305 | 06/16/95 |
| T8500081716 | 2305 | 06/20/95 |
| T8500081724 | 2305 | 06/20/95 |
| T8500081815 | 2305 | 06/27/95 |
| T8500081823 | 2305 | 06/28/95 |
| T8500081922 | 2305 | 06/27/95 |
| T8500081930 | 2305 | 06/27/95 |
| T8500082052 | 2305 | 07/01/95 |
| T8500082060 | 2305 | 07/01/95 |
| T8500082326 | 2305 | 07/14/95 |
| T8500082342 | 2305 | 07/14/95 |
| T8500082458 | 2305 | 07/22/95 |
| T8500082482 | 2305 | 07/22/95 |
| T8500082508 | 2305 | 07/24/95 |
| T8500082516 | 2305 | 07/24/95 |
| T8500082581 | 2305 | 07/30/95 |
| T8500082599 | 2305 | 07/30/95 |
| T8500082656 | 2305 | 08/03/95 |
| T8500082664 | 2305 | 08/03/95 |
| T8500082748 | 2305 | 08/09/95 |
| T8500082797 | 2305 | 08/10/95 |
| T8500082839 | 2305 | 08/14/95 |
| T8500082847 | 2305 | 08/14/95 |
| T8500084462 | 2305 | 10/22/95 |

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